

## Message Text

CONFIDENTIAL

PAGE 01 MOSCOW 01149 241447Z

43

ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 EURE-00 NSC-10 NSCE-00 CIAE-00

INR-10 NSAE-00 RSC-01 EB-03 L-02 COME-00 SPC-01 DRC-01

/053 W

----- 075317

P R 241346Z JAN 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC PRIORITY 5577

INFO AMEMBASSY BONN

C O N F I D E N T I A L MOSCOW 1149

LIMDIS

E. O. 11652: GDS

TAGS: ETRD, GW, UR, US

SUBJ: PULLMAN INTEREST IN KURSK IRON ORE/STEEL PROJECT

1. LOCAL PULLMAN COMPANY REP ADVISED EMBOFFS JANUARY 23 THAT PULLMAN, THROUGH SWINDELL-DRESSLER DIVISION, AND FRG FIRM GUTEHOFFNUNGSHEUTTE (GHH) HAD DECIDED MAKE JOINT BID FOR KURSK IRON ORE/STEEL PROJECT. UNDER PROPOSAL DEVELOPED BY PULLMAN AND GHH, PULLMAN WOULD OFFER ITS #HYL" DIRECT REDUCTION PROCESS FOR IRON ORE SIDE OF PROJECT AND GHH WOULD PROVIDE BASIC IRON/STEEL PRODUCTION AND ROOLING FACILITIES.

2. PULLMAN WELL AWARE THAT SOVIET NEGOTIATIONS WITH FRG GROUP HEADED BY KRUPP, IN WHICH FRG FIRM KORF WOULD PROVIDE COMPETING DIRECT REDUCTION PROCESS PURCHASED FROM US FIRM MIDLAND-ROSS (MIDREX PROCESS), WELL ADVANCED. (SEE SEPTTEL FOR REPORT ON STATUS OF SOVIET-FRG NEGOTIATIONS. ACCORDING TO THIS REPORT, PULLMAN/GHH FACE DOUBTFUL PROSPECTS.) IN VIEW PULLMAN REP, HIS COMPANY'S ONLY REAL HOPE FOR OBTAINING CONTRACT LIES IN FACT THAT KORF DIRECT REDUCTION PROCESS HAS NOT PERFORMED SUCCESSFULLY AT EXISTING PLANTS WHILE PULLMAN'S PROCESS HAS PROVEN ITS VALUE OVER LAST 15 YEARS. HE ACKNOWLEDGED, HOWEVER, THAT POLITICAL RATHER THAN TECHNICAL FACTORS LIKELY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 01149 241447Z

TO PLAY MAJOR ROLE IN DETERMINING SOVIET CHOICE.

3. ECON COUNSELOR AND EMBOFF REVIEWED VARIOUS POSSIBILITIES OPEN TO PULLMAN FOR BRINGING ITS PROPOSAL TO ATTENTION OF SOVIETS AT HIGH ENOUGH LEVEL TO HOLD OUT SOME HOPE THAT SOVIETS WOULD DELAY SIGNING FINAL CONTACT WITH KRUPP-LED CONSORTIUM. THEY POINTED OUT THAT UPCOMING MEETING OF US-USSR TRADE AND ECONOMIC COUNCIL WOULD PROVIDE OPPORTUNITY TO LOBBY INFLUENTIAL SOVIETS AND SUGGESTED THAT LETTER FROM PULLMAN PRESIDENT CASEY AND HIS OPPOSITE NUMBER AT GHH TO MINFERROUS METALLURGY KAZANETS WITH COPIES TO MINISTRY FOREIGN TRADE AND STATE COMMITTEE SCIENCE AND TECHNOLOGY MIGHT HAVE SOME IMPACT ON SOVIETS.

4. COMMENT: GHH PRESIDENT CURRENTLY IN MOSCOW FOR TALKS WITH SOVIETS AND OFFICIAL OPENING OF GHH'S MOSCOW OFFICE JANUARY 24. PULLMAN AND GHH REPS CURRENTLY DISCUSSING HOW BEST PROCEED AND DECISION ON HOW APPROACH SOVIETS MAY BE MADE JANUARY 24/25. AS PRACTICAL MATTER, EMBASSY DOUBTS THAT APPARENT SOVIET DECISION GO WITH KRUPP ON KURSK PROJECT CAN BE TURNED AROUND BUT BELIEVES THAT WE SHOULD ASSIST PULLMAN IN ANY WAY POSSIBLE AS LONG AS COMPANY BELIEVES IT HAS CHANCE FOR BUSINESS. PULLMAN REP ESTIMATED VALUE OF PULLMAN'S SHARE OF KURSK PROJECT UNDER JOINT PROPOSAL WITH GHH AT BETWEEN DOLS 100 MILLION AND DOLS 200 MILLION.  
DUBS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IRON, STEEL PLANTS, JOINT VENTURES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JAN 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974MOSCOW01149  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** MOSCOW  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740119/aaaaarei.tel  
**Line Count:** 86  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 MAY 2002 by martinml>; APPROVED <27 DEC 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PULLMAN INTEREST IN KURSK IRON ORE/STEEL PROJECT  
**TAGS:** ETRD, GE, UR, US, PULLMAN  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005